

# Business Briefs

## Poland

### Medical sector strike begins against austerity

On Dec. 10, doctors began a nationwide strike, the German daily *Sächsische Zeitung* reported. On the first day, 30,000 out of 120,000 doctors took part, affecting 600 out of 815 hospitals, and 600 out of 2,000 general practitioners' and dentists' offices.

The main target of the strike is a government plan to cut the public health budget, now 20% of the state budget. One of the measures being considered is to charge fees to see a doctor—which so far has (nominally) been free of charge. The government also wants to make it mandatory for patients to pay part of the costs of hospital treatment for up to 30 days. An expert government panel has called for state funding for public health to be eliminated, and replaced with a new scheme that would be entirely based on citizens' contributions to a fund that would cover the costs.

Labor unions and medical associations want new legislation that provides for long-overdue investments, especially in the non-private sector, and higher salaries for medical personnel.

## Thailand

### Deputy prime minister says, 'Go nuclear'

Thailand's Deputy Prime Minister Samak Sunthorawet told a Dec. 16 meeting of senior government officials, including Prime Minister Chavalit Yongchaiyudh, that the time is right to start building nuclear power plants, without which the nation will face shortages of electricity in the next 10 years, the Thai paper *Matichon* reported. If action is taken now, Samak said, power will be available in time.

Samak blamed environmentalists for the current hesitation to go nuclear, and pointed out that nuclear is cleaner than continued use of diminishing reserves of coal or oil. Having toured nuclear plants and their environs, Samak urged the government to "not hesitate

any longer." He pointed out that Canada is now providing technical information to Chulalongkorn University Institute, and the Electricity Generating Authority of Thailand is conducting its own study.

Meanwhile, the campaign promise of Prime Minister Chavalit to put London darling Amnuay Viravan in total control of the economy, was watered down after coalition partner Chatichai Choonhaven demanded that he have some say on economic policy. Recent figures show that exports, the core of the globalized Thai economy, have decreased on a year-on-year basis every month since June.

Amnuay's only response to the export decline since the new administration took over, has been to promise to pressure the central bank to lower interest rates, to bail out failing real estate and stock speculators. This has provoked a quick response from London pundits, who say that such loose money will aggravate the deficits and the value of the baht. One executive of a securities firm in Bangkok told the Thammasat Economic Association that if things don't improve, "we had better quit our finance-related careers, and become provincial vegetable growers and gardeners."

## Philippines

### Major foreign investment pledged for Mindanao

China, Japan, and Indonesia are making major infrastructure investments in the Philippines island of Mindanao, the Nov. 28, 1996 *Manila Bulletin* and the Nov. 26 *Business World* reported.

During his three-day state visit in Manila, following the Asia-Pacific Economic Cooperation (APEC) summit, China's President Jiang Zemin and Philippines' President Fidel Ramos witnessed the signing of an agreement between China's Harbin Power Engineering Co., Ltd. and the Filipino State Investment Trust for a \$230 million, 200-megawatt coal-fired plant. It was China's first major contribution to Manila's plan to shore up a peace agreement with Muslim secessionists through "peace through development" in its southernmost island.

Ramos's bilateral talks during the APEC summit also produced pledges of substantial assistance from Japan and Indonesia. Japan's Prime Minister Ryutaro Hashimoto pledged \$1.1 billion for 14 projects under Japan's 21st Yen Loan Package with Manila. Four of the projects will go to Mindanao, including for flood control, highway construction, water supply, and elementary education.

Indonesia, which brokered the peace talks between the Ramos government and the Moro National Liberation Front, has committed to projects in Mindanao. At the APEC summit, President Suharto assured Ramos that he would use the upcoming Organization of Islamic Conference meeting in Jakarta to solicit further investments in Mindanao.

## Trade

### British open alternate route to Central Asia

"As Russia loosens its imperial grip, a new trade corridor is reaching deep into the mineral-rich countries of Central Asia," states an op-ed in the Dec. 19 London *Financial Times*. It is based on an interview with Eduard Shevardnadze, President of Georgia and former foreign minister of the Soviet Union. The "new" route extends from Almaty, Kazakhstan, west to Tashkent, Uzbekistan, to Turkmenbashi on the Caspian Sea in Turkmenistan, and across to Baku, Azerbaijan, and to Batumi and Poti, Georgia's two ports on the Black Sea. The route, being cultivated by the European Union, is an alternative both to Russia and Iran. This is the first time since the end of World War I and the Soviet takeover of the region, that western European nations and the United States have tried to exert so much influence in the region, the paper comments.

European governments, the paper states, are "moving away from a 'Russia first' policy." Shevardnadze has "led the way in forging links between the CIS [Community of Independent States] and Europe," including having "sold" the east-west trade route to reluctant Turkmenistan, which has largely oriented to Iran. "The Eurasian Corridor is now

## Briefly

a reality," Shevardnadze said.

The EU is making its move into the area. In November, the British Navy paid its first visit to Georgian ports in 75 years, after a British engineering firm won a contract to rebuild a pipeline linking Georgia with waters off Azerbaijan, where British Petroleum has won a contract to exploit oil reserves. Germany, which established a protectorate over Georgia in 1918, is now its biggest aid donor. France's Foreign Minister Hervé de Charette also recently toured the Transcaucasus, to demonstrate the French oil giant Elf Aquitaine's interest in Caspian Sea oil.

The EU is promoting new road, rail, and sea links to Central Asia "as an alternative to the traditional trade routes through Russia." The World Bank and European Bank for Reconstruction are promoting this work, especially new ports around the Caspian Sea. Formerly, local wars prevented this cooperation, but now, the more stable Central Asian Republics "have begun to think about their geopolitical positions," the paper says, and the new trade route is taking shape.

### Industry

#### Iran planning to invest in eastern Germany

While the German government's policy has cut employment in the eastern German machine-tool sector from 100,000 to 10,000 in five years, and collapsed production, Iran wants to buy up Germany's "obsolete" capital-goods producers, the daily *Frankfurter Allgemeine Zeitung* reported Dec. 7.

At a meeting on Dec. 6 with German Foreign Minister Günter Rexrodt in Bonn, Iranian Minister for Mining Mohammed Hossein Mahlojchi confirmed that an Iranian steel company wants to buy the Magdeburg-based machine producer Sket, which was expected to file bankruptcy in January. The bankruptcy would eliminate more than 80% of the remaining 1,800 jobs at Sket.

Iranian Ambassador to Bonn Sayed Hossein Mussawian told the paper that Iran could be interested in buying up not only Sket, but also some other German factories, which are being written off. As an example, he said, the private-run Iranian automobile

spare parts producer Paynaehal would like to buy the diesel engine producer DMS, also based in Magdeburg. He noted that the Iranian private company Peykari has bought 200,000 square meters in the Magdeburg "technology park," in order to build a consumer goods factory for DM 135 million (about \$80 million).

An Iranian delegation, also on a visit in Germany, met representatives of Thyssen, Mannesmann, KHD, and Krupp.

### Italy

#### 'Invisible hand' used to destabilize nation

Foreign countries and financial powers used the "invisible hand" of the markets to destabilize Italy in 1992, Vincenzo Scotti, former Christian Democratic leader and interior minister in the last Andreotti government (1990-92), said in an interview with the Rome daily *Il Tempo* on Dec. 6. It was his first interview since he retired from politics three years ago. What he describes corresponds to the City of London and Bush administration attacks on Italy, covered in *EIR* and known as the *Britannia* plot.

Scotti said he first warned of the threat in a speech to parliament five years ago. "Let us not forget that everything started shortly after the collapse of the Berlin Wall, when . . . a less bloody, but more violent war among states was unleashed—an economic war—I said our intelligence had received signals of heavy destabilization, that elements coming from other directions should have worried us. . . . But in the Senate, nobody cared. . . ."

"Sometimes I read that we must let the free market unfold. Very well, but you must know that behind the famous invisible hand of the markets, dreadful interests are hidden. There are people ready to exploit mistakes and weaknesses of a country, to get in and dominate it. Once it could happen under the sunlight [i.e., Chile]. . . . Today, the war is more subtle, less evident but more dangerous. All the possible levers are used: currency, finance, production. And, if a country finds itself in a condition of weakness, it is easy for it to end up colonized at a low cost."

**RUSSIA'S** educational system is growing worse, the General Prosecutor's Office stated in a report in late 1996. "Fewer parents can afford education of their children," it said. "The number of children in educational institutions has fallen from 9.0 million in 1990 to 5.6 million in 1995. Over 1.5 million . . . are not being educated at all."

**SOUTH AFRICA** has given access to drinking water to more than 700,000 people in the past two years, and 650 million rands (about \$155 million) has been allocated to 300 other projects due to start in April, Water and Forestry Minister Kader Asmal said in opening the KwaNdebele Regional Water Augmentation Project, *The Star* reported on Dec. 11.

**BOEING** and McDonnell Douglas announced Dec. 15 that the two will merge, with Boeing buying McDonnell Douglas for \$13.3 billion in a stock swap. The move reduces to two, the number of major commercial plane-makers in the world (the other being Airbus). It is unclear if the U.S. Department of Defense will object to the merger.

**KAZAKHSTAN'S** capital Almaty was the scene of a 3,000-person rally against economic conditions by opposition and trade union groups on Dec. 8. There are chronic energy shortages, and wage and pension arrears are estimated at \$500 million. Food shortages are severe, even verging on famine in some parts of the country.

**SWISS FIRMS** participating in China's Three Gorges Dam project were granted \$230 million in export risk guarantees on Dec. 9 by the government of Switzerland, the financial daily *Neue Zürcher Zeitung* reported. The paper welcomed the decision, which gives job creation preference over environmentalist concerns.

**A CRASH** on Wall Street "could quickly restore the pre-eminence of London and Edinburgh," London *Financial Times* bonds specialist Barry Riley commented in a Dec. 11 column.